



It's one of the most profitable computer manufacturers based in the UK, with Dixons Stores Group, John Lewis and the Ministry of Defence counted among its clients. However, you've probably never even heard of Centerprise.

Robert Blincoe provides the lowdown on this secret success story

Centerprise International isn't a household name. But it does build PCs for a couple of businesses that can lay claim to that kind of reputation – most notably, DSG (Dixons Stores Group) and the John Lewis Partnership.

The Basingstoke-based company builds Advent desktop PCs for DSG, which are sold in its PC World, Dixons and Currys stores. It also makes Vulcan brand PCs for John Lewis and Haus Technologies PCs for Jungle.com. Centerprise also built the Bonsai PCs for the now defunct Tempo electrical goods retail chain.

It's an impressive client list. And whatever your feelings about Dixons and its practise of hard-selling warranties, the high street giant isn't in the business of

Supplier profile: Centerprise

appearing on the BBC's *Watchdog* every week charged with selling poorly assembled kit. And if that's not enough to convince you about the Centerprise system build, products appearing on the shelves of John Lewis are meant to ooze quality.

Best form of defence

It's reassuring to know that the same people putting together Dixons PCs have also been building systems for the Ministry of Defence since 1989. Not only this, Centerprise also builds PCs for several county councils and universities as well as a number of large private sector companies.

Of course, just because the same assembly lines are putting together the PCs, it doesn't mean the systems are identical – like all things, you get what you pay for. Dixons will specify components of a particular quality in order to offer a certain amount of computing power at a specific price. The MoD will obviously have a much more highbrow criteria when it specifies its systems from Centerprise.

Incidentally, a company that has sold anything, no matter how small and insignificant, to a government body

will claim it's won a major supply contract. Centerprise's deal is bigger than that. Its turnover leapt from £2m to £8m when it first bagged the supply contract and the value of the agreement hasn't dwindled away. The Dixons deal, on the other hand, was struck in 1993 and, according to founder and managing director Rafi Razzak, accounts for less than 50 percent of Centerprise's turnover. Which probably means very close to 50 percent.

Dixons dealings

Centerprise offers its customers the support of 27 field service engineers located in 24 towns around the country, as well as 10 repair engineers and 14 technical support folk in Basingstoke. However, DSG prefers to handle its own customer queries through its Mastercare operation. This again reflects well on Centerprise. DSG gets the high margin service and support business and must be confident it won't lose money at it by having to fix too many of its PCs.

Though Centerprise makes a lot of the Advent machines, it doesn't make all of them as DSG doesn't want to put all its eggs in one basket. Just in case there are

component shortages, or it needs to play one supplier off against another, it has alternative product sources. The retail giant also uses German and Austrian assemblers for both PCs and laptops, and some of its laptops are supplied by Hi-Grade.

Razzak describes his firm's approach like this: "We like to make good beans at cost-effective prices." He has an electrical engineering degree and worked at IBM for eight years, where he was in charge of a division selling big industry-specific systems, before setting up his own business. His company isn't that concerned about promoting its own name to small business customers and trying to sell direct to them. It is quietly proud of its relationship with the high-profile retailers but doesn't want to be in their line of business.

Having formed his view on making and selling PCs at the end of the 1980s, Razzak set up Centerprise in 1983. Back then "anyone could make money in computers – no matter what mistakes you made the margin was still 40 percent", says Razzak. By the end of the decade Centerprise had grown to be a £2m business and it had plenty of competition.

Child's play

Razzak's way forward was to deviate from the popular PC selling model: "With my

experience and knowledge the PC was like a kid's toy." His solution was to innovate around the product. The MoD contract was won by designing a removable hard disk for PCs; it was expanded around the time of the Gulf War by developing a laptop with a removable drive. For car parts supplier Unipart, Centerprise customised PC cases to stop garage workers clogging up the machines with grease by inventing, Razzak claims, the protective keyboard condom. The company also says it launched AMD's Athlon processor in Europe and Intel's Pentium 4 processor in the UK.

All bold claims but, if the latter two statements are true, it was only ahead of the rest of the market by minutes. Razzak boasts his business is an engineering company. He says his staff are not marketeers and that there's no position of sales director. But then you don't need one if all the engineers sell their hearts out like he does.

He feels subsequent shake-outs in the UK PC market, like the collapse of

Tiny Computers in January, have vindicated his decision not to create a brand name for consumers.

"The success stories of British PC makers are limited. I don't believe a company in the UK can build up a brand name because it's a small country and you're fighting a company called Dell," he says, elaborating that Dell can tell its UK operation to spend some serious marketing money and "wipe out" the local competition.

Razzak also believes that the PC manufacturer selling to consumers and small businesses is stuck in a model that requires continued growth. However, price drops in components and extremely tough competition mean they have to sell 25 percent more kit each year just to stand still.

On top of this, dealing with small businesses is very hard work. "This customer is more fussy than the consumer because it's his livelihood. And you can't build up an understanding of their needs in a proper way – to do it properly you'll have to charge them more than they want to pay."

Full steam ahead

Centerprise has enjoyed growth of more than £25m a year over the last five years and intends to open a new production plant in Wales, which will be able to handle the assembly of 5,000 PCs a day. The current Basingstoke factory has a maximum capacity of 1,000 PCs a day. It was making this many systems in the run up to Christmas last year when there were 60 staff on the assembly line working, in shifts, from 9am until 11pm. And, yes, most of the PCs were Advent boxes for DSG.

In February, when *PC Advisor* paid a visit to the site, it was turning out around 10,000 systems a month using 26 staff on the line. When it needs to ramp up production at busy times it calls on a pool of experienced temps. If it does take

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Rafi Razzak, managing director of Centerprise

on a newcomer, they're never left unsupervised though they will be screwing things together from the start.

The failure rate of components and systems within the Centerprise assembly setup, before they're despatched to a customer, is between three and four percent. In the early days it had been as much as 15 percent, but most of this was due to human error – mainly components being left unconnected. No dead components are fixed on the assembly line. They're swapped for a working part and the dud item is sent straight back to the supplier.

All stages of assembly are checked twice and the production line motto is 'we don't trust anyone'. For any order greater than one, the software is loaded via a disk-duplicating machine from a master copy, meaning each install is identical.

In the army now

The assembly line has an army feel. Production manager/drill sergeant



Claudette Jones describes the training period – a minimum of nine months – as a tour of duty. "When you've done your tour of duty you earn your colours," she says, which means you get to wear a blue uniform to distinguish you from the less skilled workers.

Jones is very emphatic that Centerprise doesn't use components in its systems that have been taken out of a PC that's been returned because of a fault. The practise is known as cannibalising and is quite a common trick, especially by system builders that are in financial trouble and can't get sufficient credit from their suppliers to buy in new components.

It has even been known for some companies to use components they know don't work just so they can ship a PC out of the door and bank the money for it. When it's inevitably returned the parts can be recycled again until the company finally dies or, equally worryingly, survives.

To be competitive Centerprise is set up to build a high volume of PCs quickly and without having to hold large amounts of inventory, which is expensive to do especially when component prices plummet as regularly they do. The quick-build model is illustrated by this snippet from one of the line workers – "The factory floor find out which spec of

Advent machines they'll be building next by seeing Dixons adverts in the PC press."

According to Centerprise three percent of Advent machines are returned instore. The company's line is that this includes DOAs (dead on arrivals), but also returns by customers who have seen better deals, or tried some amateur software configuring and cocked things up.

Advent rules (apparently)

Razzak is proud of his company's association with the Advent brand and gets annoyed when the products get knocked. For example, in November 1991, the *Which? Consumer guide* published a survey of computer buyers' attitudes to brands. Responding to the query, 'Would you recommend your brand?' Dan, Apple and Dell led the field, while the tail-enders included Time and the DSG stalwarts Packard Bell and Advent.

Razzak's point is that companies dealing with high street first-time buyers, such as the Dixons' chains, Time and Tiny, always fare badly in these kinds of surveys. If you're PC literate, you don't tend to buy from them. If you don't know what you're doing with your computer and things go wrong, your view of your PC supplier can be a bit jaundiced. But he will concede, with a big laugh, that some companies' reputations are well deserved. ■

Centerprise at a glance

- Founded **1983**
- Turnover **£150m in FY2001**
- Number of employees **280 permanent, but uses temps on the assembly lines at busy times of the year.**
- Business mix **Builds PCs for retail chains, central and local government, universities, computer dealers and the private sector. It has 15 main customers.**
- The Centerprise retail presence **Advent brand PCs for Dixons, Currys and PC World; Vulcan PCs for John Lewis; Haus Technologies PCs for Jungle.com. The company also built the Bonsai PCs for the now defunct Tempo.**
- Centerprise managing director **Rafi Razzak is worth £83m according to the 2001 Sunday Times Rich List. He and his family own around 95 percent of the business. There is also an employee share options scheme.**
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- Telephone **01256 378 000**
- Website **www.centerprise.co.uk**

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